

County of Los Angeles CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012 (213) 974-1101 http://cao.co.la.ca.us

Board of Supervisors GLORIA MOLINA First District

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ZEV YAROSLAVSKY Third District

DON KNABE Fourth District

MICHAEL D. ANTONOVICH Fifth District

December 2, 2003

The Honorable Board of Supervisors County of Los Angeles 383 Kenneth Hahn Hall of Administration 500 West Temple Street Los Angeles, CA 90012

Dear Supervisors:

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF CARSON REQUEST FOR SUBORDINATION OF PASS-THROUGH PAYMENTS TO COUNTY TAXING ENTITIES ON REDEVELOPMENT PROJECTS (ALL DISTRICTS) (3 VOTES)

JOINT RECOMMENDATION OF THE CHIEF ADMINISTRATIVE OFFICER, THE DIRECTOR OF PUBLIC WORKS, THE FIRE CHIEF, AND THE COUNTY LIBRARIAN THAT YOUR BOARD:

Approve the Resolution subordinating the County of Los Angeles' right to receive pass-through payments to the Community Redevelopment Agency of the City of Carson's (Agency) Project Area No. 1 and Merged and Amended Project Area for tax allocation bonds (Bonds).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Agency is preparing to issue Bonds to finance redevelopment activities in the project areas. The subordination is required by law on a timely Agency request and showing that sufficient funds to pay both debt service and pass-through will be available when payments are due.

Implementation of Strategic Plan Goals

This action supports the following County Strategic Plan Goal and Strategy:

Goal: Fiscal Responsibility – Strengthen the County's fiscal capacity.

FISCAL IMPACT/FINANCING

Health and Safety Code Section 33607.5(e) provides that pass-through payments to taxing entities may be subordinated to a redevelopment agency's payments for debt service. A county may disapprove a request for subordination only if it finds, based on substantial evidence, that the agency will not be able to pay both the debt service payments and the pass-through payments to the taxing entities. In this instance, the Carson Community Redevelopment

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Agency's tax increment projections, reviewed by CAO staff, indicate that there will be sufficient coverage to satisfy the debt service on the Bonds, and the required pass-through payments to the County taxing entities.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Section 33607.5(e)(3) provides: "If the affected taxing entity does not act within 45 days after receipt of the agency's request, the request to subordinate shall be deemed approved and shall be final and conclusive." This office received requests for subordination of Bonds on October 28, 2003 for Project No. 1 and the Merged and Amended Project. Thus, any action from your Board must be taken on or before December 9, 2003.

At such time as the recommendation is approved by your Board, please return one approved copy of the letter and one signed copy of the Resolution each to: Chief Administrative Office, Office of Unincorporated Area Services and Special Projects; and the Auditor-Controller, Tax Division.

P. MICHAEL FREEMAN

Fire Chief

County Librarian

Respectfully submitted,

DAVID E. JANSSEN 💆

Chief Administrative Officer

JAMÉS A. NOYES

Director of Public Works

DEJ:PMF

Attachment

JAN:MDT:nl

c: County Counsel Auditor-Controller

Agency Administrator, Carson Redevelopment Agency

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES SUBORDINATING THE COUNTY OF LOS ANGELES' RIGHT TO RECEIVE PASS-THROUGH PAYMENTS TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF CARSON'S PROJECT AREA NO. 1 AND MERGED AND AMENDED PROJEC AREA FOR TAX ALLOCATION BONDS

WHEREAS, the Community Redevelopment Agency of the City of Carson (the "Agency") on October 28, 2003 by letter advised its intention to issue certain bonds (the "Bonds") payable from and secured by a pledge of certain Project No. 1 and Merged and Amended Project Area tax increment revenues, and requested of the County of Los Angeles (the "County"), the Los Angeles County Consolidated Fire Protection District ("the Fire District"), the Los Angeles County Flood Control District ("the Public Library District") and the Los Angeles County Public Library District ("the Public Library District") that any and all payments which the County, the Fire District, the Flood Control District, and the Public Library District are entitled to receive pursuant to Health & Safety Code Section 33607.5 ("Section 33607.5") from Project No. 1 and the Merged and Amended Project Area be subordinated to payments by the Agency of principal of and interest on Project No. 1 and the Merged and Amended Project Area Bonds; and

WHEREAS, the requested subordination does not lessen or eliminate the Agency's obligation to make the required payments to the County, the Fire District, the Flood Control District, and the Public Library District under Section 33607.5 and is intended to permit the Agency to obtain a higher credit rating on its bonds and thus lower the Agency's financing costs; and

WHEREAS, Section 33607.5 provides that at the time the redevelopment agency requests an affected taxing entity to subordinate the amount to be paid to it, the agency shall provide substantial evidence that sufficient funds will be available to pay both the debt service and the required payments to the taxing entity, that the taxing entity shall approve or disapprove the request for subordination within 45 days after the receipt of a letter requesting such subordination, and that the taxing entity may disapprove such request only if it finds, based upon substantial evidence, that the agency will not be able to pay the debt payments and the amount required to be paid to the taxing entity under Section 33607.5; and

WHEREAS, the Agency has presented evidence demonstrating its ability to make the required payments to the County, the Fire District, the Flood Control District, and the Public Library District after payment of debt service on Project No. 1 and the Merged and Amended Project Area.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors of the County of Los Angeles that:

The County, the Fire District, the Flood Control District, and the Public Library District hereby agree that so long as Project No. 1 and the Merged and Amended Project Area Bonds remain outstanding, any and all payments which the County, the

City of Carson Subordination Page 2

receive from Project No. 1 and the M Section 33607.5 shall be and shall rer	t, and the Public Library District are entitled to derged and Amended Project Area pursuant to main subordinate to the payments pledged from nended Project Area to pay the principal of and od and Amended Project Area.
Board of Supervisors of the County of I	day of, 2003, adopted by the os Angeles and ex officio the governing body of districts, agencies and authorities for which said
County of Los Angeles, Fire District, Flood Control District, and Public Library District.	
	VIOLET VARONA-LUKENS, Executive Officer Clerk of the Board of Supervisors of the County of Los Angeles
	By Deputy

APPROVED AS TO FORM BY COUNTY COUNSEL

LLOYD W. PELLMAN

Thomas M. Tyrrell Principal Deputy